



PERS

MEMBER NEWS

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NV PERS

693 W. Nye Lane
Carson City, NV 89703
(775) 687-4200

5820 S. Eastern, Suite 220
Las Vegas, NV 89119
(702) 487-3900

Toll Free (866) 473-7768
www.nvpers.org

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PERS' Executive Staff

Dana K. Bilyeu
Executive Officer
Tina M. Leiss
Operations Officer
Laura B. Wallace
Investment Officer

2003 Annual Report Summary

Each year the System publishes an annual report which is submitted to the Governor, members of the Nevada Legislature, public employers, as well as employee and employer associations. The following is some of the pertinent information contained in our 2003 annual report. Any member who would like a copy of the report should contact the System.

Member/Retiree Demographics - The annual report shows interesting trends in membership and retirement data, as follows:

	<u>Member/Retiree Demographics</u>		<u>Annual Compound Increase (%)</u>
	<u>1993</u>	<u>2003</u>	
Active Members	59,496	87,327	3.9
Public Employer Payroll (millions)	\$ 1,858.2	\$ 3,595.4	6.8
Average Annual Salary:			
Regular	\$ 30,283	\$ 39,193	2.6
Police/Fire	\$ 39,585	\$ 56,907	3.7
Retirees & Survivors	14,436	27,040	6.5
Ratio: Active Members/ Retirees & Survivors	4.1	3.2	
Average Annual Retirement Benefit:*			
Regular	\$ 13,458	\$ 22,548	5.3
Police/Fire	\$ 20,412	\$ 34,344	5.3
Total Benefits (millions)	\$ 184.5	\$ 591.8	12.4

*Excludes survivors and beneficiaries

In 1993, the System had 4.1 active members for each person drawing a benefit. This ratio decreased to 3.2 active members per benefit recipient by 2003. We anticipate that this trend will continue to decrease to about 3 active members per retiree in the next four years.

A comparison of active members by employer type for 1993 and 2003 is as follows:

June 30	<u>1993</u>	<u>2003</u>
State & University	14,875	18,382
Schools	22,855	37,655
Counties	11,235	11,454
Cities	5,790	8,920
Miscellaneous	<u>4,741</u>	<u>10,916</u>
Totals	59,496	87,327

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DEDICATED TO DELIVERING ACCURATE AND TIMELY SERVICE

2003 Annual Report Summary (continued)

Contribution Rates - As of July 1, 2003, contribution rates for regular and police/fire members under the two contribution plans were as follows:

<u>Contribution Rates:</u>	<u>7/1/03</u>
<u>Employer Pay</u>	
Regular	20.25%
Police/Fire	28.50%
<u>Employee/Employer (Matching Rates)</u>	
Regular	10.50%
Police/Fire	14.75%

Contribution rates will remain the same through June 2005 for all members regardless of contribution plan.

Investments - The System has a funding objective to provide a total rate of return which exceeds the Consumer Price Index (CPI) by 3.75% each year over the long-term future. Our investment objective to achieve that funding is to capture market returns for each asset class. For domestic common stocks, it is the return of the S & P 500; for U.S. bonds, the Lehman Aggregate Index; and for real estate, the National Council of Real Estate Investment Fiduciaries (NCREIF) index. International stocks are measured against the Morgan Stanley Capital International Europe, Australia, Far East Index, and International Bonds against the Citigroup Non-Dollar Government Bond Index. Total return for the year was 5.0%.

Financial - During the 2003 fiscal year, the total fund balance changed as follows:

2003 Statement of Changes In Plan Net Assets

(\$ in millions)

Fund Balance July 1, 2002		\$13,209.4
Revenues:		
Contributions	\$ 808.9	
Investments	672.8	
Other	<u>2.1</u>	
Total	1,483.8	
Expenses:		
Benefits	591.8	
Refunds	11.1	
Administration	9.6	
Transfer of Contributions*	<u>6.7</u>	
Total	\$ 619.2	
Excess, Revenues over Expenses		<u>864.6</u>

Fund Balance June 30, 2003	<u>\$14,074.0</u>
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* Contributions transferred from PERS to the Judicial Retirement System on behalf of judges who changed retirement plans during fiscal year 2003.

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On The Horizon

During April and May 2004, PERS' Counselors will be visiting rural areas of Nevada to provide individual counseling and group informational programs. If you are interested in meeting with one of our Counselors or for program information contact us at (775) 687-4200 in Carson City or (702) 486-3900 in Las Vegas or by using our toll free number (866) 473-7768.

2003 Annual Report Summary (continued)

Major Initiatives

Legislation

The Nevada State Legislature convenes on a biennial basis. For 2003, the Nevada Legislature passed non-fiscal pension legislation which included certain significant provisions clarifying the Retirement Act, Chapter 286 of the Nevada Revised Statutes. Senate Bill 439, the System's technical, or housekeeping bill, contained several technical changes and pension reforms. Highlights include:

- Modifications to the critical labor shortage designation process. SB 439 enhanced the critical labor shortage designation process by requiring employers to re-certify positions as critical after 2 years.
- Modifications to the single survivor benefit. SB 439 allows members to designate a single survivor and alternate payees to receive a portion of the benefit in the event of a member's death. This provides our members with greater flexibility in selecting beneficiaries.

Operational Initiatives

Completed in the fiscal year was a board-mandated study of early retirement qualification for police and fire members designed to update the 1987 study completed by the System for report to the 2005 Nevada Legislature. The board adopted several minor modifications to the police/fire retirement criteria designed to clarify underlying statutory requirements and further the public policy supporting early retirement for public safety members.

PERS' staff continues to monitor utilization of modifications to PERS' retiree re-employment restrictions passed by the 2001 Nevada Legislature. This legislation was designed to assist Nevada public employers with re-employment of retirees in areas of critical labor shortage.

Finally, the System moved, upgraded, and expanded our Las Vegas office, which now includes meeting facilities available for board meetings and training programs. This move provided opportunity for growth in counseling services for our Las Vegas area members, a goal of PERS for several years.

Technology Improvements

Information technology highlights this fiscal year include development of the interactive website for our members and employers. eC*A*R*S*O*N, as it is known, went live for members at the beginning of April with greatly improved functionality over the previous website version. Members can log into the secure areas of the site and review their personal account information, as well as calculate purchase of service and benefit estimates. This functionality is designed for customer self-service so staff loads are decreased in this area and reallocated to value added services. On the non-secure side of the site, anyone can use purchase and benefit calculators with information the user inputs to the calculator. This tool can be used by our members for financial planning purposes and will provide them with as many "what if" scenarios as they can envision.

Employer functionality allows wage and contribution reporting across the Internet in such a fashion that the employers will be able to edit their reports against PERS' wage and contribution filters. This provides our employers with the opportunity to revise their reports on-line to meet PERS' requirements.

Investment Performance Update

For the first six months of our fiscal year (July - December 2003), the investment markets generated positive returns, driven by U.S. stocks, international stocks, and international bonds. During this period, PERS' portfolio generated a return of 9.7%. Since inception (19 ½ years), the fund's average annual return has been 11%.

At December 31, assets totaled \$15.5 billion.

Tina Leiss Named Operations Officer

Tina Leiss was appointed Operations Officer in February of 2004. Prior to her position at PERS, she served as the System's legal counsel in the Nevada Attorney General's Office. Tina is a member of the National Association of Public Pension Attorneys. She is a member of the Nevada bar and an inactive member of the Oregon bar.

Tina is a native of Albany, Oregon and graduated from Oregon State University and Willamette University College of Law. She currently lives with her husband Gregg and daughter Shannon in Minden.

Have You Protected Your Survivors?

PERS' survivor benefits provide a lifetime monthly benefit for your eligible survivors if you die before retirement. A member's eligible survivors are a spouse, dependent children, and a named Survivor Beneficiary. By law, if you are married at the time of death your spouse will receive survivor benefits. If you and your spouse die simultaneously or you are not married at the time of death, PERS will pay monthly benefits to your named Survivor Beneficiary. The benefit can be split and paid to Additional Payees as well as the named Survivor Beneficiary. The designation of the Survivor Beneficiary and Additional Payees must be made on a PERS' Survivor Beneficiary Designation form. **The form must be properly completed and submitted or postmarked *before* a member's death.**

Don't miss the opportunity to provide this benefit. Complete the Survivor Beneficiary Designation form today!

To receive more information on your survivor benefits visit our web site at www.nvpers.org or contact our office.

For other pension related information visit our web site for related links to:

NASRA – National Association of State Retirement Administrators

NCTR – National Council on Teacher Retirement

NCPERS – National Conference on Public Employees Retirement Systems

CPRS – Coalition to Preserve Retirement Security



Need Information? Call:

From Las Vegas

486-3900

From Reno or Carson City

687-4200

From Anywhere Else in the U.S.

1-866-473-7768

Retirement Board Modifies Purchase-of-Service Cost Factors

In 2003, the Retirement System's actuary conducted an experience study of PERS. Based on data from the study, the Retirement Board acted to adopt changes to the actuarial assumptions of the System and authorize a review of the cost factors associated with the purchase of service. The actuarial review resulted in a recommendation brought to the Retirement Board adjusting the purchase-of-service cost factors for purchase in both the regular and police/fire funds. At the January 21, 2004, meeting, the Retirement Board modified the purchase-of-service cost factors, in both the regular and police/fire funds, effective for purchase-of-service agreements issued on or after September 1, 2004.

The actuarially developed purchase percentages for regular members who initiate purchase of service agreements on or after September 1, 2004, are as follows:

<u>Age</u>	<u>Percent</u>	<u>Age</u>	<u>Percent</u>	<u>Age</u>	<u>Percent</u>
30 or under	17.1	47	30.4	64	33.2
31	17.7	48	31.5	65	32.4
32	18.3	49	32.6	66	31.5
33	18.9	50	33.7	67	30.7
34	19.6	51	34.9	68	29.8
35	20.2	52	36.2	69	28.9
36	20.9	53	37.5	70	28.0
37	21.6	54	38.9	71	27.1
38	22.4	55	40.3	72	26.2
39	23.1	56	39.6	73	25.3
40	23.9	57	38.8	74	24.3
41	24.8	58	38.1	75	23.4
42	25.6	59	37.3	76	22.5
43	26.5	60	36.5	77	21.5
44	27.4	61	35.7	78	20.6
45	28.4	62	34.9	79	19.7
46	29.4	63	34.1	80	18.8

The actuarially developed purchase percentages for police/fire members, who initiate purchase of service agreements on or after September 1, 2004, are as follows:

<u>Age</u>	<u>Percent</u>	<u>Age</u>	<u>Percent</u>	<u>Age</u>	<u>Percent</u>
30 or under	30.5	47	40.9	64	33.0
31	31.0	48	41.7	65	32.1
32	31.6	49	42.5	66	31.2
33	32.1	50	43.3	67	30.3
34	32.6	51	42.7	68	29.4
35	33.2	52	42.1	69	28.5
36	33.8	53	41.4	70	27.5
37	34.4	54	40.8	71	26.6
38	34.9	55	40.1	72	25.7
39	35.5	56	39.4	73	24.7
40	36.2	57	38.7	74	23.8
41	36.8	58	37.9	75	22.9
42	37.4	59	37.1	76	22.0
43	38.1	60	36.3	77	21.1
44	38.8	61	35.5	78	20.2
45	39.5	62	34.7	79	19.3
46	40.2	63	33.9	80	18.5

We anticipate that the change in cost factors may result in many individuals electing to purchase service prior to the September 1, 2004, changes. To insure that agreements are issued in a timely manner, we recommend that requests for purchase-of-service agreements that will be based on pre-September 1, 2004 cost factors, be submitted to PERS as soon as possible.

The Retirement Board implemented policies related to the use of tax-deferred monies for the purchase of service or the repayment of previously withdrawn contributions. As of January 21, 2004, any member who wishes to enter into a purchase-of-service agreement or repayment of withdrawn contribution agreement, that will be paid through the direct transfer of all or any portion of the member's interest in a section 401(a) qualified trust, 401(k), 403(b), 457, or Individual Retirement Account (IRA) under the Economic Growth and Tax Relief Reconciliation Act (EGTRRA) of 2001, must submit their request at least 60 days prior to the anticipated date of payment. Additionally, a member's interest in one of the qualified tax-deferred money categories may only be used to complete payment in full on any lump-sum repayment of withdrawn contribution agreement or to make final payment on any existing repayment of withdrawn contribution installment agreement.

2003 Annual Report Summary

Strategic Planning

Strategic and tactical planning are key to the successful management of the System. These plans must address both external and internal elements ranging from financial market analysis to federal legislative efforts to member relations.

Strategic investment management includes validating our long term return and risk assumptions for our asset classes. Other strategic planning issues include continuing to coordinate and review all current communications and development of a new approach to pre-retirement programs in cooperation with our participating public employers. Operational performance benchmarking is targeted for implementation within the strategic horizon through enhanced data collection relating to service, complexity, workload volumes, and activity costs such that we may be compared to a peer group of Systems most similar to PERS.

This publication is intended to provide general information. If there is any conflict between this information and Nevada laws or PERS policies, the laws and policies will supersede this information.

Member News is a quarterly newsletter for members of the Public Employees' Retirement System of Nevada. Comments or suggestions may be directed to: PERS, Newsletter, 693 W. Nye Lane, Carson City, Nevada 89703

Visit our website to
review your current
survivor beneficiary
information.
www.nvpers.org

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Carson City, NV 89703
(775) 687-4200

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